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Labor Migration to the Middle Eastern Oil States: Changing Arab-Asian Relations

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A Research Paper

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Labor Migration to the Middle Eastern Oil States: Changing Arab-Asian Relations [redacted]

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A Research Paper

This paper was prepared by [redacted] the Office of Near Eastern and South Asian Analysis. It was coordinated with the Directorate of Operations. [redacted] 25X1

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Comments and queries are welcome and may be directed to the Chief, South Asia Division, NESA, [redacted] 25X1

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Key Judgments

Information available as of 1 August 1982 was used in this report.

An expulsion of foreign workers, which was widely anticipated following declines in oil revenues, has not taken place in the Middle East. Most host governments have restrained the growth of their expatriate labor forces, but, by drawing on financial reserves, they have avoided the domestic economic disruptions that would have accompanied abrupt cuts in the size of the foreign work force. 25X1

The growth of expatriate Arab and Asian labor forces in the Middle Eastern oil-exporting states during the oil boom years of the 1970s tied the economic fortunes of major labor-supplier states—including key US allies such as Pakistan, Egypt, and Jordan—inextricably to those of the oil exporters. The decline in oil revenues has exposed the labor-supplying states' financial vulnerability 25X1

A further decline in the oil state economies would force cuts in the approximately 6-million-person expatriate labor force whose remittances totaled about $12 billion in 1982. A return of workers or reduced wages and rising unemployment for those foreign workers who linger in the host countries will result in a loss of revenues for countries such as Pakistan, Egypt, Jordan, and North Yemen, which depend heavily on worker remittances to cover hard currency requirements. The losses would force these governments to consider politically sensitive austerity measures and increase their need for financial assistance from the United States and other Western and Arab donors. The austerity measures, combined with the rise in unemployment and a reduction in opportunities for emigration, could forge a new, dissatisfied constituency open to the appeals of opposition political interests. 25X1

If the oil market stabilizes or rebounds, the continued emigration of expatriate workers to the oil states would have mixed results for US interests. A continuation of the financial benefits from the overseas workers would contribute to the economic and political stability of regimes friendly to the United States. Their increasing reliance on worker remittances, however, could erode Asian government support for US Middle Eastern policies. They would fear that their support of US policy, perceived by many Arabs as biased toward Israel, would jeopardize their substantial economic interests in the region. 25X1

Labor Migration to the Middle Eastern Oil States: Changing Arab-Asian Relations

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Differences in capital and human resources between countries in the Middle Eastern–South Asian region, accentuated by rising oil prices, accelerated well-established regionwide flows of men and money during the 1970s. The sparsely populated oil-exporting countries of the Persian Gulf and Libya, at the top of the GNP per capita list (table 1), had indigenous populations too small and inadequately trained to undertake the rapid economic development that their wealth allowed. The other Middle Eastern and South Asian countries, with large populations, had surpluses of skilled as well as unskilled labor. Within a matter of years, workers from the region as well as from around the world were pulled by the promise of high wages—and in recent years pushed by their governments who saw a source of foreign exchange and a safety valve for surplus labor—to take jobs in the capital-rich, oil-exporting states. 25X1

Table 1
Middle East and South Asia: Labor Importers and Exporters

Rank by Per Capita GNP *(1981 US $)*		Rank by Population, Midyear 1981 *(Million)*	
Qatar	**32,980**	India	707.8
United Arab Emirates	**20,080**	Bangladesh	90.7
Kuwait	**14,920**	Pakistan	90.4
Saudi Arabia	**12,510**	Egypt	43.4
Bahrain	**8,000**	Sudan	19.3
Libya	**7,090**	Sri Lanka	15.1
Oman	**4,380**	**Iraq**	**13.6**
Iraq	**1,920**	**Saudi Arabia**	**9.5**
Syria	1,320	Syria	9.1
Jordan	1,200	North Yemen	5.4
Lebanon	820	**Libya**	**3.2**
Egypt	680	Jordan	3.1
North Yemen	500	Lebanon	3.1
Sudan	460	**Kuwait**	**1.5**
Pakistan	310	**United Arab Emirates**	**1.1**
Sri Lanka	280	**Oman**	**0.9**
India	210	**Bahrain**	**0.4**
Bangladesh	150	**Qatar**	**0.2**

Entrees in bold type are labor-importing countries.

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The Changing Labor Force

Using official data from both labor-sending and labor-receiving countries and US Embassy reports, we estimate that about 6 million expatriate workers in 1982, compared to less than 2 million in 1975, held jobs in the oil-exporting countries (see foldout maps in figures 4 and 5). Growth in the expatriate job market during the 1970s was concentrated in the construction sector. Independent of fluctuations in oil prices, the World Bank and host government planners had expected all along that the expansion would taper off during the 1980s as the initial construction phase of development was completed. They anticipated, correctly we believe, that new growth in the expatriate job market would be in the operations, maintenance, and service sectors of the economies of the oil-rich states.

Expatriate worker populations outnumber the indigenous labor forces of Saudi Arabia, Kuwait, Bahrain, and Oman and outnumber the entire indigenous populations of Qatar and United Arab Emirates (UAE) (table 2 and foldout map in figure 6). Arab workers from neighboring countries were recruited first for the rapidly growing number of jobs in the sparsely populated oil-rich countries following the oil price increases in 1973. According to our estimates, these Arabs today constitute just over half of the expatriate work force regionwide (see figure 3). 25X1

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Table 2
Expatriate Labor in Labor-Importing Countries as a Share of Total Population, 1982

Country	Percent
Qatar	82
United Arab Emirates	54
Kuwait	25
Saudi Arabia	24
Oman	21
Bahrain	21
Libya	17
Iraq	9

The Arabs: Remittances Decline as Worker Numbers Stabilize

We believe that the number of expatriate Arab workers peaked at about 3.2 million in the late 1970s and has since leveled off to about 3 million as both sending and receiving countries have begun to reevaluate the advantages and drawbacks of labor migration:

- The costs of recruiting Arabs rose as the more skilled and readily available workers from neighboring countries such as Egypt, Jordan, and the Yemens already had taken jobs.
- Some sending countries, enjoying a certain amount of economic prosperity themselves and suffering shortages of skilled manpower, began to restrain rather than push the labor exodus.
- The host governments, according to US Embassy reporting, disliked their growing labor dependence on fellow Arabs, many of whom they feared held radical political views.
- Host government officials expressed concern that expatriate Arab workers were settling permanently and bringing families who required additional costly services.

A review of the balance-of-payments accounts in Arab countries for the past several years shows that remittances have declined from a peak around 1981. Official remittances have declined because workers have:

- Chosen to return earnings through nonofficial channels or as consumer goods.
- Spent an increasing share of their earnings in the host country.
- Accepted lower wages.
- Lost their jobs.

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Despite the decline in remittances, overseas workers' earnings remain a key input to the balance of payments for Egypt, North Yemen, South Yemen, Lebanon, Sudan, and Jordan (figures 1 and 2):

- ***Egypt.*** Official remittances from the approximately 1.7 million Egyptian overseas workers peaked at \$2.7 billion in 1980 and declined to about \$2.3 billion last year. Remittances and petroleum are the country's two largest sources of foreign earnings.

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- ***North Yemen.*** Remittances have provided the underpinning for North Yemen's economy for a decade. Official net earnings from remittances reached about \$1.1 billion in 1980 but recently have fallen to about \$900 million as the work force in the Gulf has declined from nearly 1 million to approximately 700,000.

- ***Jordan.*** Remittances from the approximately 300,000 Jordanians working abroad (many of whom are Palestinians using Jordanian travel documents) have grown by an average annual rate of nearly 60 percent since 1972 and now total about \$1.1 billion. They have been a major contributor to financing Jordan's rapid economic growth over this period.

- ***Lebanon.*** The Central Bank estimates that one-third of Lebanon's labor force—about 250,000 workers—has emigrated to the Gulf states as a result of the civil war and is sending back to Lebanon approximately \$1.5 billion yearly, covering more than 80 percent of Lebanon's trade deficit.

- ***Sudan.*** Using US Embassy and official host country reporting, we estimate that at least 250,000 Sudanese, out of 330,000 officially reported abroad, hold jobs in Libya and the Persian Gulf. Remittances of \$400-600 million provide badly needed foreign exchange, but officials in Khartoum lament the loss of educated and skilled manpower.

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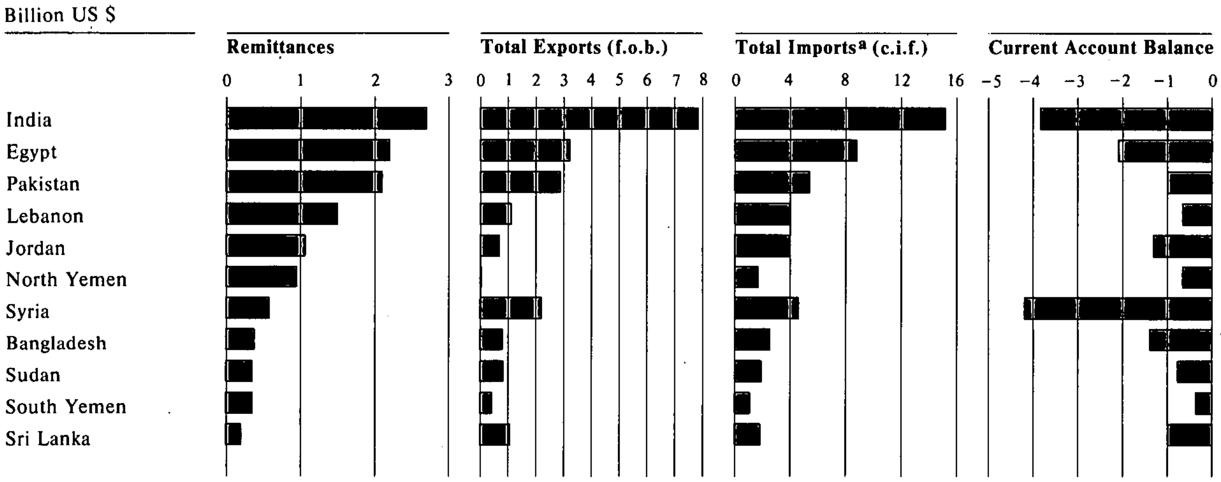
Figure 1
Middle East-South Asia: Selected Labor Exporter's International Transactions, 1981



[a]Does not include military imports.

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- ***South Yemen.*** Remittances average only about $350 million annually but are an important source of foreign exchange.

South Asians: Steady Growth Based on Longstanding Regional Ties

According to subcontinent government statistics, the South Asians' share of the expatriate labor force in the Middle East increased from 19 percent in 1975 to an estimated 36 percent in 1982. South Asian workers, who expanded on historic political, cultural, and economic links between the subcontinent and the Gulf sheikhdoms, outnumbered Arab expatriates in Bahrain, Qatar, and the UAE as early as the mid-1970s. Their numbers in the oil-exporting states grew dramatically from 350,000 in the mid-1970s to nearly 2.2 million today as private recruiters filled new construction and service jobs with South Asians willing to work for less than Arabs. The largest number of South Asians is in Saudi Arabia, where, according to our compilation of official subcontinent government estimates, nearly 800,000 are now employed

The rapid growth in South Asian workers in the Middle East has been paralleled by a dramatic growth in their remittances. Although oil revenues used to finance Middle Eastern construction projects started falling in 1981, government officials in Pakistan, Sri Lanka, and Bangladesh report continued net growth in worker emigration to the Middle East as well as growth in remittances from the region since then. South Asians, we expect, are taking new jobs in services and maintenance even as their opportunities for jobs on construction projects diminish

Sustained growth in remittances has eased balance-of-payments difficulties facing the governments of Pakistan, Bangladesh, and Sri Lanka. On the basis of official South Asian government statistics, we estimate that remittances from the Middle East to South Asia totaled $3-3.5 billion in FY 1982, representing

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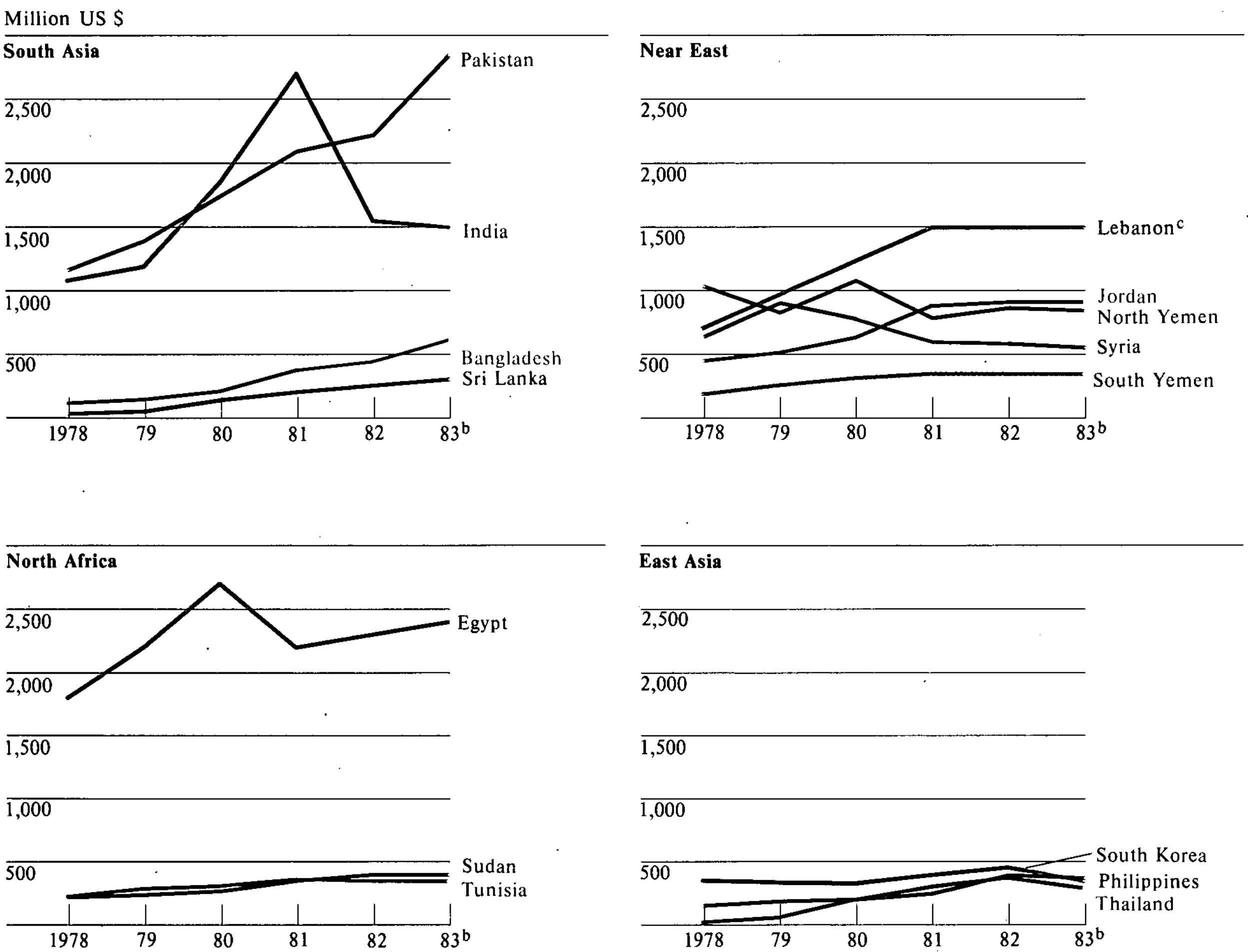
Figure 2
Official Foreign Exchange Earnings From Worker Remittances[a]



[a] Fiscal years.
[b] Projected.
[c] Includes estimate of earnings only from other Near East countries, total remittances reached an estimated $3 billion in 1982.

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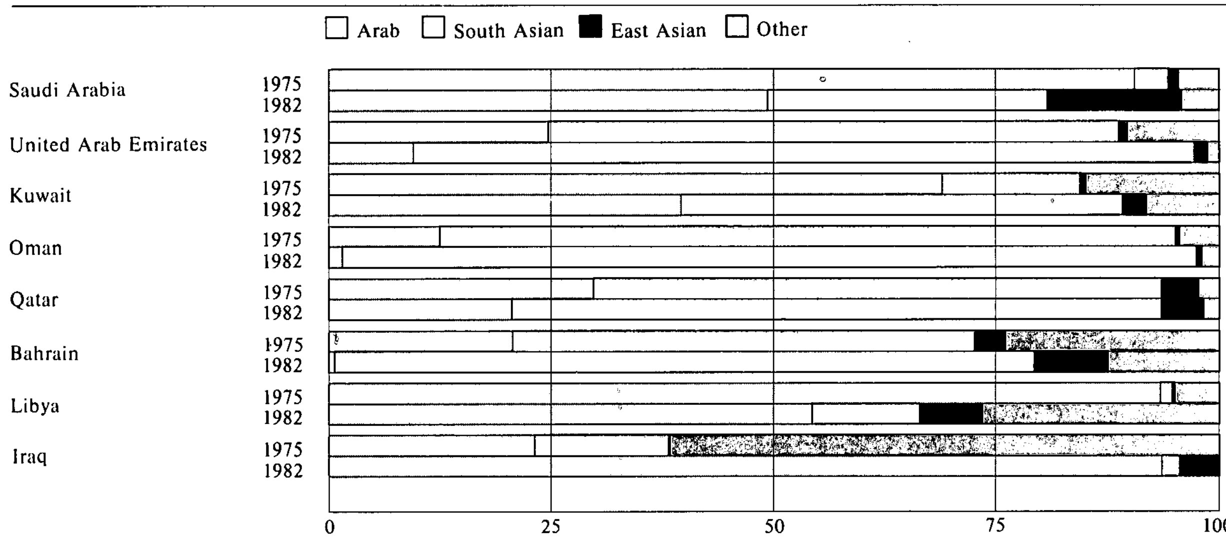
60 to 70 percent of earnings from South Asians worldwide. According to subcontinent government estimates, total remittances may jump to $4.5-5 billion in FY 1983, given the increase in Bangladeshi and Sri Lankan expatriates in the Middle East and Islamabad's financial moves to make banking of remittances through official channels more attractive:

- ***Pakistan.*** According to estimates from the US Embassy in Islamabad, remittances of about $2.2

Figure 3
Expatriate Workforce by Origin in Near East and South Asia Net Labor Importers, 1975 and 1982

Percent



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billion from the approximately 1.5 million Pakistani workers in the Middle East nearly matched export earnings and eased the burden of the current account deficit, which stood at $1.4 billion in FY 1982.

- ***Sri Lanka.*** Remittances of almost $300 million from 70,000 workers in the Gulf rival tea exports as Sri Lanka's largest source of foreign exchange.

- ***India.*** Remittances from 670,000 workers in the Middle East peaked at about $2.7 billion in FY 1981 as workers left Iran and Iraq to escape the disruptions of the war and the Islamic revolution in Iran. Although remittances have currently stabilized at about $1.5 billion, we expect that there may be a further drop in a year or two because the value of new contracts won by Indian firms in the Middle East already has begun to fall.

- ***Bangladesh.*** Government officials report a new high in 1982 for the number of Bangladeshi workers employed in the oil-exporting states (217,000) and in remittances ($384 million). According to the US Embassy in Dhaka, growth continued during the first half of 1983 following Dhaka's easing of regulations on emigration. 25X1

East Asians: Recent Growth Reflects Greater Skills and Neutral Politics

Following the Islamic revolution in Iran and the escalation of Palestinian terrorist activities, we believe that Gulf state governments became increasingly uneasy about the potential for political activism among their Muslim expatriate workers. They welcomed East Asian private and governmental efforts to expand their share of the Gulf labor market. Although the host countries had already found an adequate source of cheap, unskilled labor in South Asia, East Asian countries supplied the more highly skilled labor needed for the industrial projects initiated in the late 1970s.

Even though East Asians constitute only about 8 percent of the expatriate work force in the oil-exporting states, the financial returns have been proportionately greater than for other labor-exporting countries. The East Asian governments maximize their foreign exchange earnings by requiring that the workers be paid only enough to cover their basic needs on the job while the rest of their wages are deposited in accounts at home.

Analysis of East Asian government financial reports shows the growing importance of worker remittances:

- ***Philippines.*** Annual remittances from the approximately 190,000 Filipino workers in the Middle East doubled between 1979 and 1982 to an estimated $400 million. In an effort to capture more foreign exchange from foreign workers, President Marcos late last year increased mandatory remittances, strengthened other regulations governing remittances, and sponsored a lottery whereby workers, if they were lucky, received additional deposits to their accounts.

- ***South Korea.*** New construction contracts in the Middle East won by South Korean firms in 1981 and 1982 employed about 160,000 Korean workers. Their remittances of $460 million in 1982 contributed to foreign exchange earnings of $2.4 billion from Middle Eastern contract activities.

- ***Thailand.*** Remittances from the approximately 150,000 Thai workers now in the Middle East increased from an estimated $200 million in 1980 to about $400 million in 1982. Many workers who had been unemployed after the US-stimulated construction boom in Southeast Asia in the 1960s and 1970s sought jobs in the Middle East.

- ***Indonesia.*** Remittances from the approximately 42,000 Indonesian workers presently in the Middle East reached $100 million in 1982. With high unemployment in Indonesia, the export of workers is increasingly attractive as a means to relieve pressure in the local job market as well as to earn foreign exchange.

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- ***China.*** According to press reports, total remittances from nearly 30,000 workers participating in foreign construction projects in 1982 amounted to about $400 million. Beijing officials state in the press that they view the overseas construction market as a promising means of employing their abundant manpower to generate foreign exchange. Beijing, according to press statements, is currently negotiating contracts with the Middle Eastern oil-exporting countries that would substantially increase the number of its workers overseas and boost its foreign exchange earnings.

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Governments Belatedly Get Into the Act

In response to recent economic contractions in the Middle East, governments in both labor-sending and host countries are more actively seeking to influence migration and remittance flows (table 3). Labor-sending governments, with the exception of Syria, Sudan, and Jordan, seek to maximize the emigration of workers and the return of their remittances. Labor-importing countries, with the exception of Iraq and Oman, want to minimize the inflow of workers or tighten control over the composition of their expatriate work forces.

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Sending Countries Adjust to Diminished Prospects
According to US Embassy reports, sending-country governments, concerned over the potential reduction in Middle Eastern demand for foreign workers, are taking steps to promote their respective interests:

- Egypt and South Asian countries have eased exit procedures for workers wanting to leave the country and promoted more attractive terms for workers' remittances in state-controlled banks.

Table 3
Trends in Labor Migration to the Middle East,[a] 1982-83

	Reported Effect of Economic Downturn		Indigenous Populations' Attitudes Toward Migrants	Government Initiative To Alter Migration Flow
	On Numbers of Migrants	On Size of Remittances		
Host countries				
Saudi Arabia	Slowed growth	Slowed growth	Uneasy	Restrict growth
Kuwait	Slowed growth	Slowed growth	Uneasy	Restrict growth
Bahrain	Slowed growth	Slowed growth	Uneasy	Restrict growth
Qatar	Net decline	Decline	Quiet	Reduce size
United Arab Emirates	Net decline	Decline	Quiet	Reduce size
Oman	No change	Continued growth	Uneasy	Ease barriers
Iraq	Sharp decline	Sharp decline	Quiet	Ease barriers
Libya	No change	Slowed growth	Uneasy	Restrict growth
Labor-exporting countries				
Arab				
North Yemen	Net decline	Decline	Quiet	No change
Jordan	Slowed growth	Holding steady	Quiet	Restrict growth
Egypt	No change	Decline	Quiet	Ease barriers
Sudan	Slowed growth	Decline	Quiet	Restrict growth
South Asia				
Pakistan	Slowed growth	Continued growth	Quiet	Promote growth
India	Slowed growth	Decline	Quiet	Ease barriers
Bangladesh	Slowed growth	Continued growth	Quiet	Promote growth
Sri Lanka	Slowed growth	Continued growth	Quiet	Ease barriers

[a] Trends for Syria are not available.

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- China has established additional trading companies to bid competitively on operations, maintenance, and construction contracts in the Middle East.

- Senior government officials from the Philippines and India have made visits to the Gulf states to promote economic cooperation and seek bilateral assurances (without success to date) that the interests of their workers will be protected if the number of foreign workers is cut back.

- The Indian Government has risked financial losses in anticipation of lucrative postwar reconstruction contracts and jobs in Iraq. It has provided credit to Indian companies operating in Iraq so that they can meet their payrolls and continue projects for which Iraq has delayed payment.

Host Countries Take Steps To Restrict Foreign Workers

According to US Embassy and press reports, host governments are moving to restrict the growth of their expatriate work forces in response both to the reduced need for workers as a result of the downturn in oil revenues and the heightened political risks associated with the presence of so many foreign nationals:

- Arab workers who traveled freely in the early 1970s now must secure contracts and residence permits prior to entry.
- South Asians, who earlier arrived in the Gulf by boat without papers, now risk jail and expulsion if caught.

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- Police roundups of undocumented workers have increased.
- Host governments, in our view, are considering labor-supply overtures from China in order to diversify the foreign labor force as well as to lower labor costs [redacted]

Although most host countries report to US Embassy officials and in the press that they intend to restrict the growth of their expatriate work force, officials in only three countries report recent reductions in the net numbers:

- ***UAE.*** Government officials in Abu Dhabi attribute the estimated 16-percent drop from the 1982 peak of 738,000 to the completion of basic infrastructure projects, new efforts by government and industry to dismiss unnecessary personnel, a new law requiring workers to leave the country for six months at the end of each contract, and less ambitious development plans.

- ***Qatar.*** Labor Ministry officials in Doha, with no administrative capability for monitoring the flow of foreign laborers, simply confirm private-sector reports of a net reduction in the number of expatriates.

- ***Iraq.*** The US Interests Section in Baghdad estimates that, since early 1983, 30 percent of the expatriate work force has left Iraq, many of them Pakistanis and Egyptians unwilling to accept Iraqi restrictions on the portion of wages (25 to 50 percent) that could be remitted prior to the end of their contracts. [redacted]

Plans To Indigenize Labor Forces Offer Little Hope

We believe that the governments of the oil-exporting states have reemphasized plans to indigenize their labor forces where possible in order to reduce dependence on politically attuned workers and dampen xenophobic sentiment that they fear will flare if economic difficulties worsen:

- Saudi Arabia's current Five-Year Plan (1980-85) proposes holding expatriate labor force growth to a meager 0.2-percent annual rate of growth.
- According to US Embassy reports, every business enterprise in Qatar must submit detailed plans for the "Qatarization" of its activities.
- In the UAE, as in most Gulf states, commercial law now requires that foreign firms operating in the country must have a direct relationship with a UAE agent or sponsor [redacted] 25X1 25X1

In our view, indigenization campaigns are more valuable for their rhetoric than for changing the balance of the labor force. Saudi officials reported, for example, that during 1980 and 1981 the expatriate labor force grew at an annual rate of 27 percent, not at the 0.2-percent rate called for in the Five-Year Plan. Today, according to US Embassy reports, even Saudi Ministry of Planning officials see little prospect that the size of the expatriate labor force can be substantially reduced [redacted] 25X1

Based on reports from our embassies, the press, and Western scholars, we anticipate that indigenous labor forces in Libya and the Persian Gulf, despite high rates of population growth, will continue to be inadequate in both numbers and training to undertake planned programs for economic development:

- Most local men in the Gulf states are unwilling to accept jobs requiring physical labor, particularly when the state already provides extensive financial support to all citizens regardless of whether or not they work.

- Most young men in the oil-exporting states will delay entry to the labor force in order to acquire additional education and training. 25X1

- Women in the traditional Islamic societies of the oil-exporting states generally do not train for or seek jobs in the modern economy [redacted] 25X1

Although we project a substantial shortfall of local workers in the oil states for the foreseeable future, we expect indigenization campaigns to attain modest successes in the replacement of expatriate professionals in supervisory and other prestige positions. Political and security considerations rather than economic

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efficiency and productivity will assure that aspiring, newly educated nationals will take these jobs from expatriates—for the most part Arabs and Westerners—in both the public and private sectors.

Outlook

Unless oil revenues in the Middle East change dramatically, we believe that, through 1985, most of the oil-exporting countries will slow the growth, but not reduce the overall size, of their expatriate work forces. Under this slow-growth scenario, whether caused by declines in oil revenues or the completion of the construction boom, we expect competition for jobs in the Middle East to intensify among the Arab and Asian labor-exporting countries as they scramble for foreign exchange earnings. We expect Arab expatriates to be least likely to win a large share of new positions when and if economic recovery takes place but most likely to hold onto their existing jobs. East Asians, on the other hand, are least likely to hold onto existing jobs but most likely to win a large share of new jobs. South Asian prospects fall in the middle.

If Oil Revenues Rebound

We anticipate little additional growth in the numbers of expatriate Arab workers in the oil states if oil revenues rebound:

- Host countries will impose further restrictions to discourage new immigration from some of their Arab neighbors.
- Sending-country governments will try to limit the emigration of technically skilled nationals.
- Unskilled Arab labor will be more costly than unskilled Asian labor.

We expect that Arab sending-country governments will continue to adjust their economies to accommodate small fluctuations in the flows of emigrants and remittances, with the possible exceptions of North Yemen, where the regime is so heavily dependent on remittance income, and Lebanon, where the regime faces additional pressing economic and political problems.

If oil revenues rebound, we anticipate additional growth in the number of low-cost and politically compliant South Asian workers who will take new semiskilled or unskilled jobs in the expanding service sector of the oil exporters' economies. South Asians are poised to return to Iran and Iraq if the war ends. Increased emigration and remittances will aid all subcontinent regimes, but particularly Islamabad, in 25X1
their efforts to maintain political support by implementing domestic economic programs. 25X1

East Asians have the brightest prospects, in our view, if economic conditions in the oil states improve. Experienced and technically trained South Koreans, Filipinos, Thais, Indonesians, and Chinese are poised to expand their share of the Middle Eastern work force by selling their skills, productivity, and political neutrality. 25X1

If Oil Economies Suffer Additional Declines

If oil revenues and financial reserves drop sharply or continue to decline beyond the mid-1980s, we anticipate labor force cuts to affect East Asians first, South Asians next, and to cause only a small reduction in the number of Arab expatriates, who are the most experienced and settled in the region. We believe political considerations will outweigh economic factors in determining the order for cuts. Host governments, in our 25X1
view, cannot expel large numbers of Arabs before Asians without serious political repercussions.

We expect the South Asians, even those who are 25X1
Muslims, to lose jobs in construction and operations if new projects are canceled and new plants lie idle. In our view, sizable cutbacks in worker emigration and remittances would force Pakistan—the country in South Asia that depends most heavily on remittances for foreign exchange earnings—to reduce imports, adopt unpopular austerity measures, and press the IMF and Western donors for additional financial support. We expect that the sudden return of several hundred thousand Pakistani workers or the closure of opportunities for hopeful emigrants would forge a new, dissatisfied constituency for the appeals of opposition political interests. 25X1

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The East Asian countries, in our view, will be the most vulnerable to reductions in the size of their overseas work forces and remittances because their workers are tied so closely to the contracts of East Asian construction firms and, unlike the Arabs and most South Asians, the majority are non-Muslims. We believe that completion of the contracts, coupled with an overall cutback in new contracts, would rapidly reduce the number of East Asian workers. The loss of a safety valve for domestic unemployment and several billion dollars in hard currency will place additional economic and political strains on the South Korean and ASEAN governments.

Implications for the United States

For the most part international labor migration in the Middle Eastern–South Asian region serves US interests well. Egypt, Pakistan, and Jordan—major labor exporters and important friends of the United States—have used emigrant workers' remittances to ease their way through serious balance-of-payments difficulties during the late 1970s and early 1980s. The receipt of billions of dollars in remittances has eased the pressure for US financial assistance.

If, as we anticipate, worker remittances continue to be a key element in the economies of the labor-sending countries, their growing economic dependence on the Middle Eastern oil-exporting states has the potential to present political difficulties for the United States. We believe that Asian labor-sending states will put distance between themselves and policies advocated by the United States in order to avoid conflicts with Arab positions that jeopardize their own economic interests. For example, South Korea, which receives 80 percent of its crude oil and 90 percent of its overseas construction contracts from the Middle East, has been reluctant to support US opposition to anti-Israel resolutions introduced by Arab states in various international forums. Late in 1982 South Korea decided not to provide troops for the Lebanese peacekeeping force despite a Lebanese request that had strong US support.

If the soft oil market persists, a major concern facing the United States will be the increased demands for financial assistance. With a reduction in worker remittances from the oil-exporting states, we expect Egypt, Pakistan, and Jordan, as well as other labor-sending states in the region, to look to the United States for financial support to cover the projected additional growth in foreign exchange deficits. We expect domestic economic difficulties, in turn, to weaken the political control of these regimes friendly to the United States.

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Figure 4
Labor Migration from North Africa, the Middle East, and East Asia to the Near East Oil Producing States

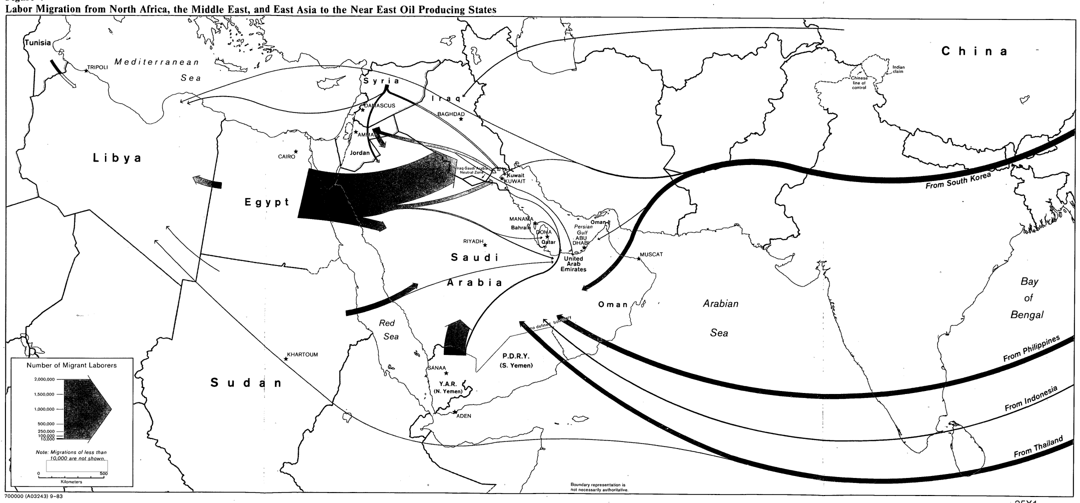

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Figure 5
Labor Migration from South Asia to the Near East Oil Producing States

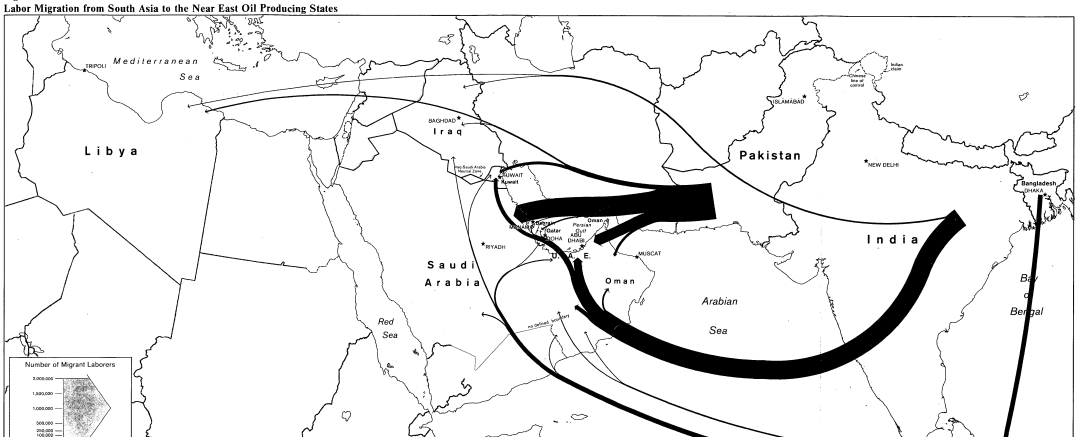

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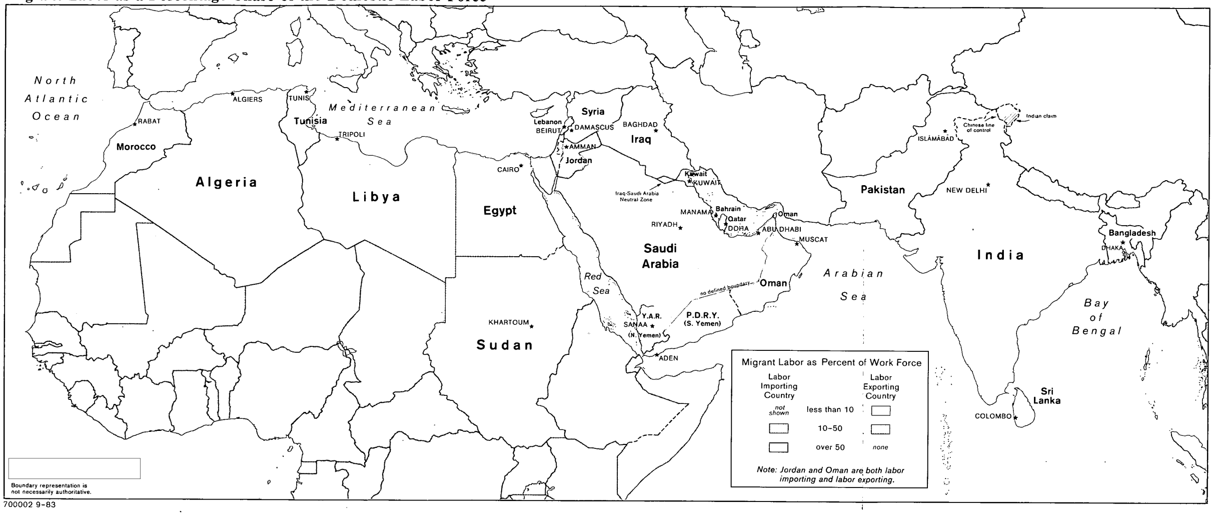
Figure 6
Migrant Labor as a Percentage Share of the Domestic Labor Force



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